

**CALIFORNIA ENERGY COMMISSION**

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**WEBSITES**

Main website: [www.energy.ca.gov](http://www.energy.ca.gov)

Children's website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)

Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)

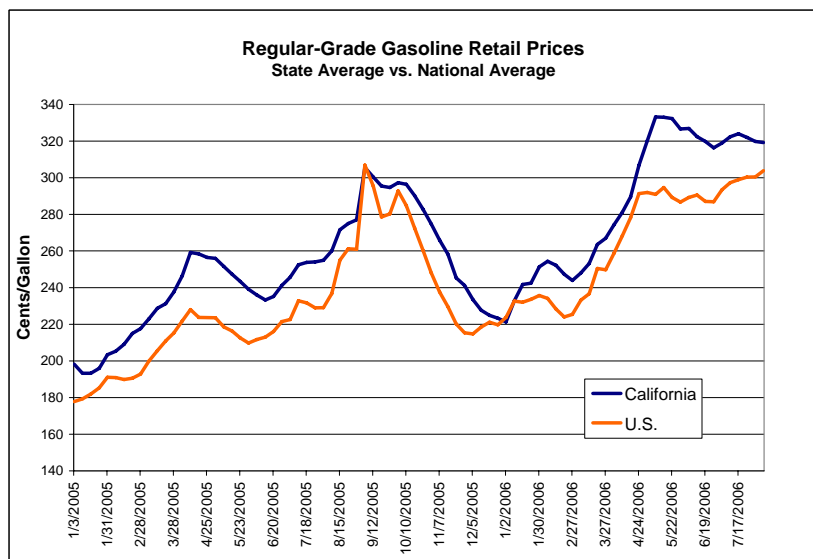


## Petroleum Watch 2006

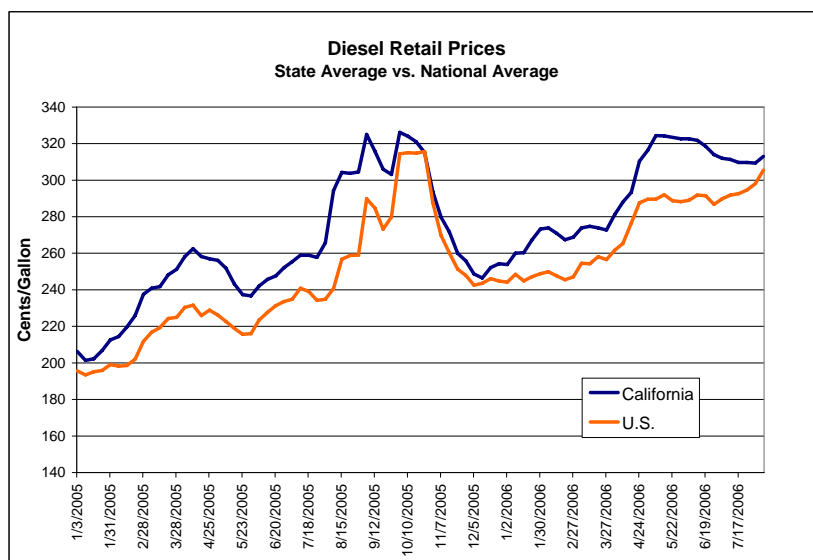
August 11,

### *Retail Gasoline and Diesel Prices on August 7*

- The average statewide **retail price for regular-grade gasoline** decreased by 1 cent to \$3.19 per gallon, 14 cents less than the record high of \$3.33 on May 8.<sup>i</sup>
- The difference between California and U.S. retail gasoline prices declined to 15 cents per gallon since last week as U.S. prices increased to \$3.04 per gallon.



- The average California **retail diesel price** was \$3.13 per gallon, up 4 cents from the previous week. At the same time, the U.S. retail diesel price jumped 8 cents to \$3.06 per gallon, reducing the difference between California and U.S. prices to 7 cents per gallon.

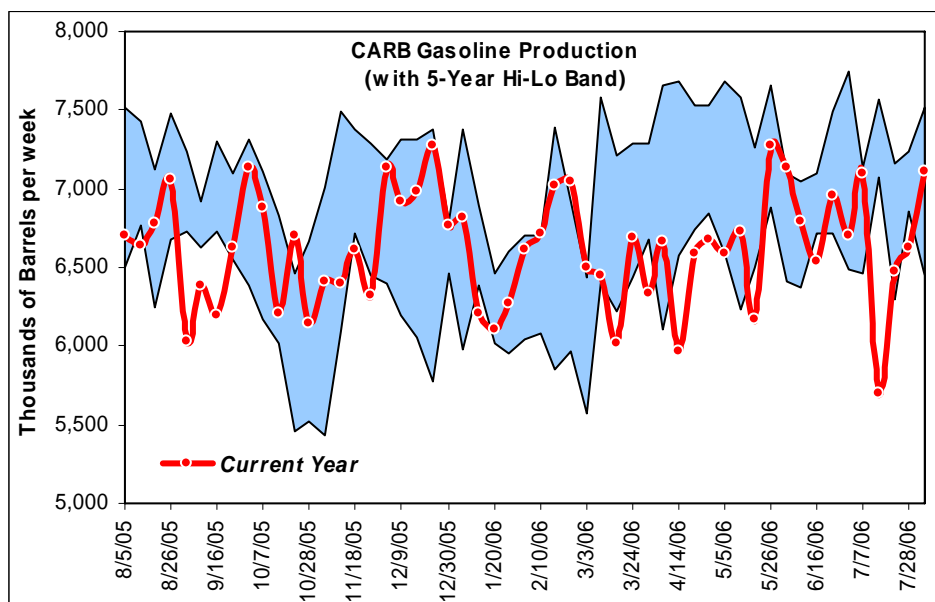


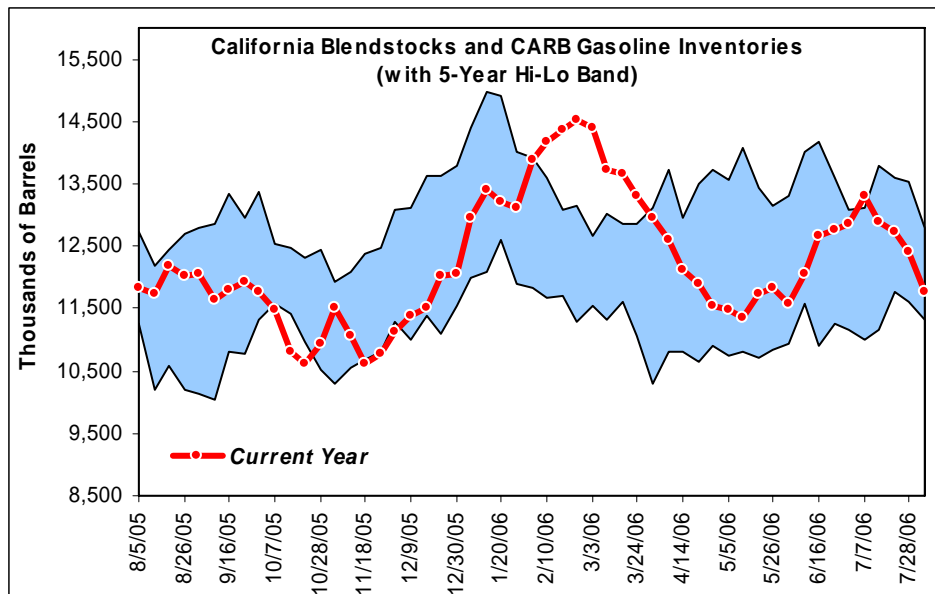
### **Wholesale Gasoline and Diesel Prices on August 8**

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) rose slightly to \$2.36 per gallon during the last week. Prices are now 61 cents lower than the record high of \$2.97 on May 2 but 80 cents more than the 2006 low of \$1.56 on February 14.
- An increase in crude oil prices following the announcement by BP that it was shutting down substantial Alaska North Slope oil production contributed to increased gasoline prices in California and elsewhere on the West Coast.
- Spot prices for RBOB in Los Angeles are now 7 cents per gallon more than in New York Harbor and 6 cents more than in the Gulf Coast after being less expensive than those two locations for most of last week.
- California spot **wholesale low-sulfur diesel prices** ended at \$2.31 per gallon, about 9 cents more than on August 1. This is 37 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices stayed below New York Harbor prices again this week, although the difference narrowed to 4 cents less by August 8.
- The difference between California gasoline and diesel dropped to 5 cents more for gasoline compared to 12 cents more on August 1.
- The Energy Information Administration (EIA) weekly assessment for August 4 reports that **U.S. gasoline demand** rose 0.6 percent from the previous week, while distillate demand fell 1.2 percent. The four-week average demand for gasoline is 9.62 million barrels per day, 1.4 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.1 million barrels per day, 2.4 percent more than last year.

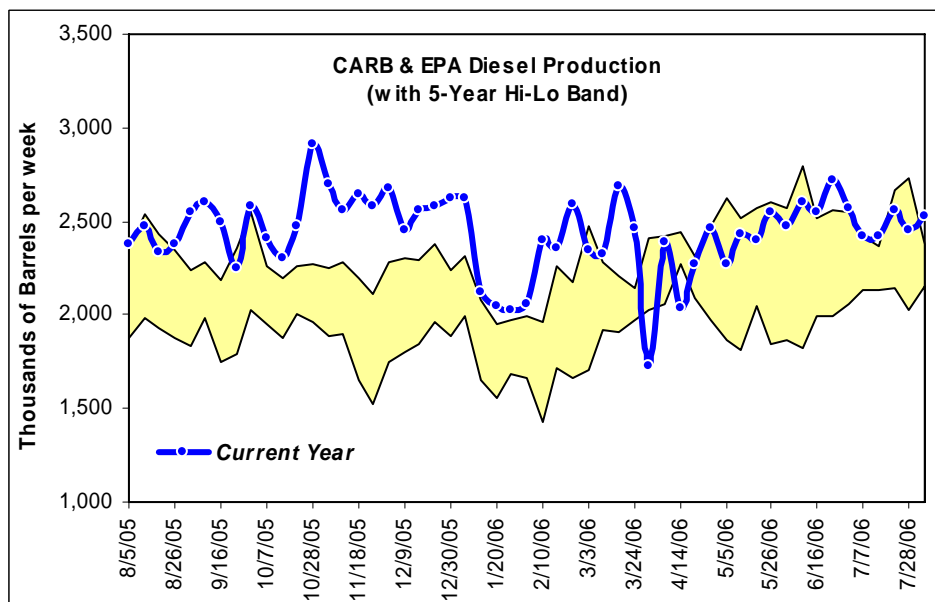
## Refinery Production and Inventories

- **Reformulated gasoline production** in California continued to recover from the production drop three weeks ago when output reached the lowest level since March 2005. Production during the week ending August 4 **rose 7.1 percent** to 7.1 million barrels based on the recovery of output from several refineries. Production has increased to the middle of the five-year range.<sup>ii</sup>
- California reformulated gasoline inventories dropped 1.8 percent and gasoline blendstock inventories fell 7.8 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **fell 5.2 percent** to 11.76 million barrels, nearing the lower end of the five-year range.
- U.S. gasoline inventories dropped sharply by 3.2 million barrels to 207.7 million barrels as of August 4. Higher demand, lower blendstock inventories, and a drop in imports offset increased gasoline production. Stocks in the Gulf Coast region built up but inventories in the West Coast and Northeast regions declined sharply.

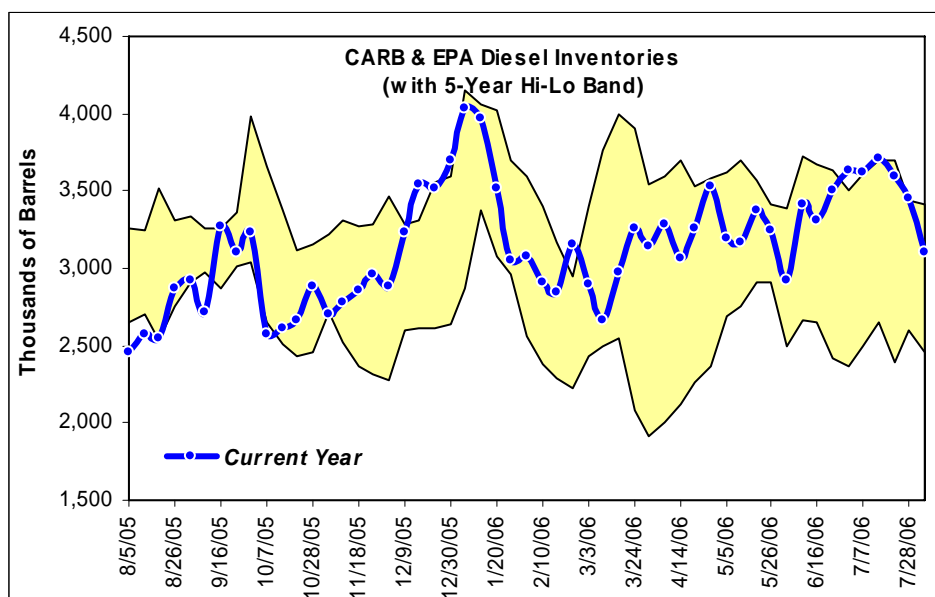




- California low-sulfur **diesel production** during the week ending August 4, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, increased 2.9 percent from the previous week to 2.53 million barrels. Output rose above the five-year range for the week and is 6.4 percent higher than year-ago levels.

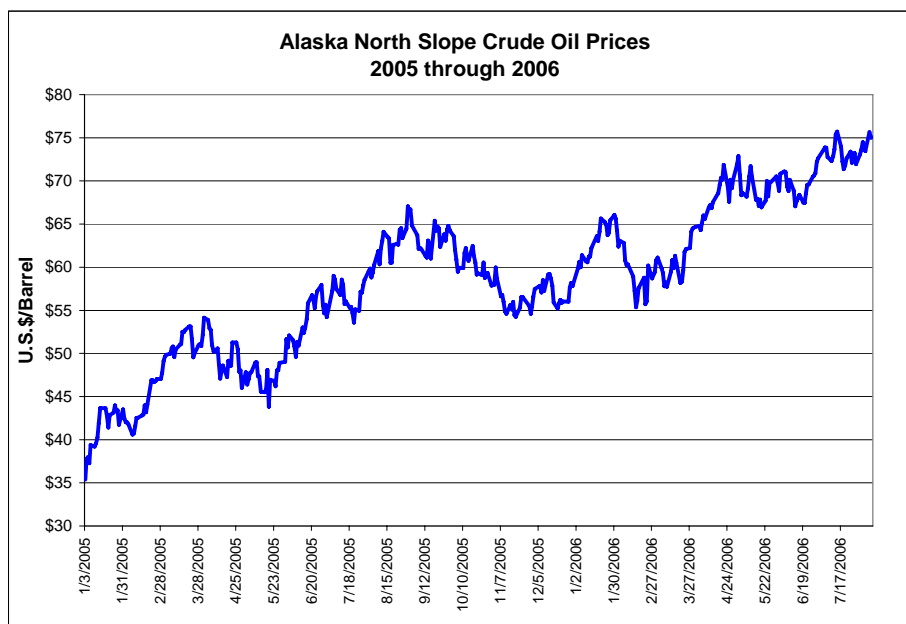


- Despite increased production, combined low-sulfur **diesel inventories** in California fell 10.3 percent from the previous week to 3.1 million barrels and dropped towards the middle of the five-year range. Total U.S. distillate inventories as of August 4 decreased to 132.4 million barrels, 136,000 barrels less than the previous week, with stocks growing in the Gulf Coast and Northeast regions but falling slightly on the West Coast.



### **Crude Oil Prices and Inventories**

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, during the latest week hovered just below the record high of \$75.73 per barrel reached on July 14. Prices drifted downward to \$73.46 as of August 4 following news that Tropical Storm Chris had been downgraded to a tropical depression. However, two days later BP announced that it had to shut down about 400,000 barrels per day of Alaska crude oil production, or about 8 percent of U.S. production, due to corrosion in transit lines in the Prudhoe Bay field. In response, the U.S. Department of Energy indicated that it would loan oil from the Strategic Petroleum Reserve to companies if needed. Later reports indicated that the Prudhoe Bay field might not need to be completely shut down. Meanwhile, the conflict in Lebanon intensified as cease fire proposals continued to be debated in the United Nations, Nigerian militants have carried out several kidnappings of foreign oil workers, and it looks increasingly likely that Iran will reject the U.N. Security Council resolution to cease its uranium enrichment program by August 31. ANS crude oil prices settled at \$75.05 per barrel as of August 9.<sup>iii</sup>



- U.S. commercial crude oil inventories as of August 4 fell 1.1 million barrels to 332.6 million barrels on higher refinery crude oil runs and lower imports. However, stocks are still 11.8 million barrels higher than last year and 30.4 million higher than the five-year average for the date.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*.